

May 2020

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ANNUAL COMPLIANCE REPORT 2020

Life Is On

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2019 was a big year regarding Compliance at Schneider Electric.

By reshaping our Principles of Responsibility, we clearly defined the boundaries of our Ethical Business Conduct providing do's and don'ts that form the basis of our compliance program.

To ensure better alertness, coherence and efficiency in all compliance matters, the Group Ethics & Compliance Committee decided to strengthen and harmonize a unique compliance vision leading to the:

- Creation of one coordinated compliance team composed of corporate experts and regional compliance officers.
- Incorporation of the Global Export Control Center of Excellence into the Legal, Compliance, Insurance and Risk Management Department.
- Appointment of a dedicated Group HR Compliance Officer in charge of setting up the appropriate governance to face the increase in HR related compliance matters.

With the strong governance put in place under the leadership of the Group Ethics & Compliance Committee, we have improved the capabilities of our compliance program even further. Schneider Electric is now able to better apprehend arising challenges coming not only from the law and public authorities, but also from the expectations of all clients, partners and investors, illustrated by the increasing requests for more transparency on compliance matters.

I am pleased to share with you our first annual Schneider Electric Compliance Report, which aims at:

- Providing an overview of compliance trends and challenges to be considered for sustainable business.
- Illustrating how the Group Ethics & Compliance Committee supports business lines and management in their risk assessment.
- Helping Schneider Electric's management mobilize their teams on Compliance & Ethics matters.

Peter Wexler,
SVP Chief Legal & Compliance Officer



« In 2019, we clearly defined the boundaries of our Ethical Business Conduct »

2019 Highlights

A greater use of the RED and GREEN Lines

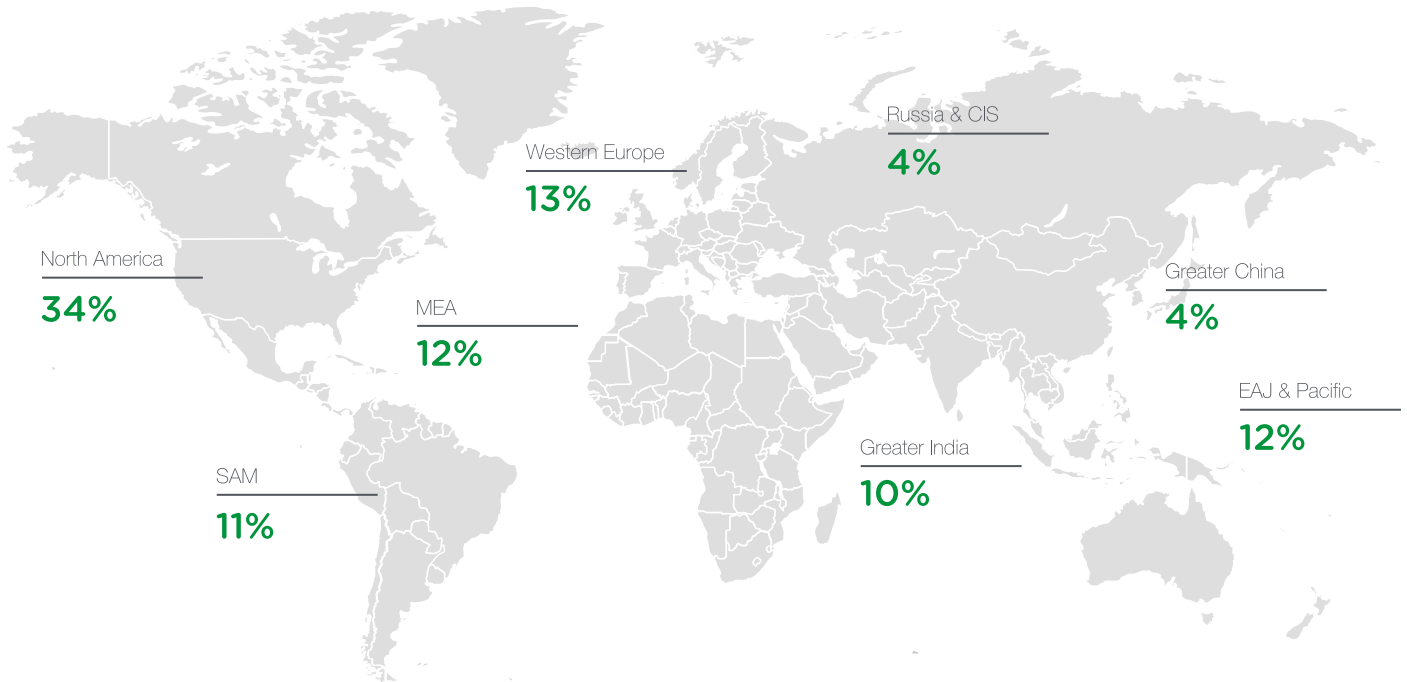
560 concerns were received through the RED Line in 2019, representing a 71% increase over 2018.

32 concerns were reported through the GREEN Line in 2019. Alerts investigated and closed in 2019 led to 105 disciplinary sanctions (17,83% of total alerts received).

The RED Line is Schneider Electric's internal alert system dedicated to employees.

The GREEN Line is Schneider Electric's alert system for external stakeholders (suppliers, subcontractors, customers, commercial agents, etc.).

Distribution of cases by geographic area



The deployment of the anti-corruption training program

The anti-corruption e-learning program was rolled out to new at-risk individuals in 2019, representing approximately 40,000 employees, against 23,000 in 2018. By the end of the year, 94% of the concerned employees had completed this e-learning. This is included in the Schneider Sustainability Impact.

Classroom-based courses were also organized in sensitive geographic areas (Brazil and India for example) or on specific matters according to the level of potential risk.

New Awards

Schneider Electric received the “Best Compliance Team” and “Innovation” Silver Awards during the French “Trophées du Droit 2019” (“2019 Law Awards”).

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2019 key trends and developments

2019 key trends and developments

As an international company, Schneider Electric closely monitors any global trends and developments regarding Ethics & Compliance to provide up-to-date answers to specific legal obligations and local practices and strictly respect all applicable embargoes and trade regulations.

A greater scrutiny on anticorruption matters

A joint study between the GRECO, the OECD and the French Anticorruption Agency in 2019 found that out of 171 countries with anti-corruption agencies:

- 63% are authorized to conduct investigations and/or criminal proceedings (46% of Anti-Corruption regulations concern legal persons).
- 48% declared having sanction mechanisms.
- 56% impose a requirement of risk mapping (22 authorities specified that this obligation was applicable to companies).

An increasing politicization of competition law

Digitization and the impact of e-commerce, as well as the rise of national protectionism, have changed the economic and political landscape. This encouraged enforcers and legislators to strengthen antitrust policy-making and its enforcement:

- A focus on individual prosecutions in USA, Brazil and Malaysia.
- A tendency to favor interim measures for the future in the EU, confirmed by Margrethe Vestager, EU commissioner for Competition.
- EU Directive “ECN+” implementation to strengthen national competition authorities’ powers of enforcement and sanction.

A fluid and challenging environment for Export Control & Sanctions

In 2019, many countries have kept on introducing new trade policies – and sanctions – to address their national interests and security concerns, prompting various countermeasures. The United States and the European Union have strengthened their own export control regulations to ensure their relevance, while countries like China, Thailand and the Philippines have proposed to put new regulations in place.

An increased level of cooperation between public authorities worldwide

2019 was marked by a growing cooperation between national authorities in order to harmonize prosecution and enforce compliance related laws and regulations. Cross-borders agreements to share evidence on fraud and corruption matters were signed, while others are still being negotiated. Similarly, joint investigations were conducted. Still, some remaining divergences may be problematic for multinational companies, which are subject to multiple authorities.

An increased level of cooperation between public authorities leads to an increased number of sanctions

65 cross-debarment decisions (vs. 38 in 2016) were taken by the World Bank in 2019 aligning with the requirement of the Agreement for Mutual Enforcement of Debarment Decisions.

\$1 bn

That's the amount that Ericsson has agreed to pay in 2019 to resolve probes into corruption, including the bribing of government officials in China, Vietnam, Indonesia, Kuwait and Djibouti.

\$5 bn

That's the amount of the fine that the European Commission ordered Google to pay in 2018 for favoring its own apps over those of competitors on Android devices.

\$1.2 bn

That's the total amount of the fines imposed on five banks for participating in a foreign exchange spot trading cartel in the 2019 "Forex cases".

\$8.9 bn

That's the total amount of the fines that the French bank BNP Paribas had to pay to the US Office of Foreign Assets Control (OFAC) and Department of Treasury for violating embargoes.

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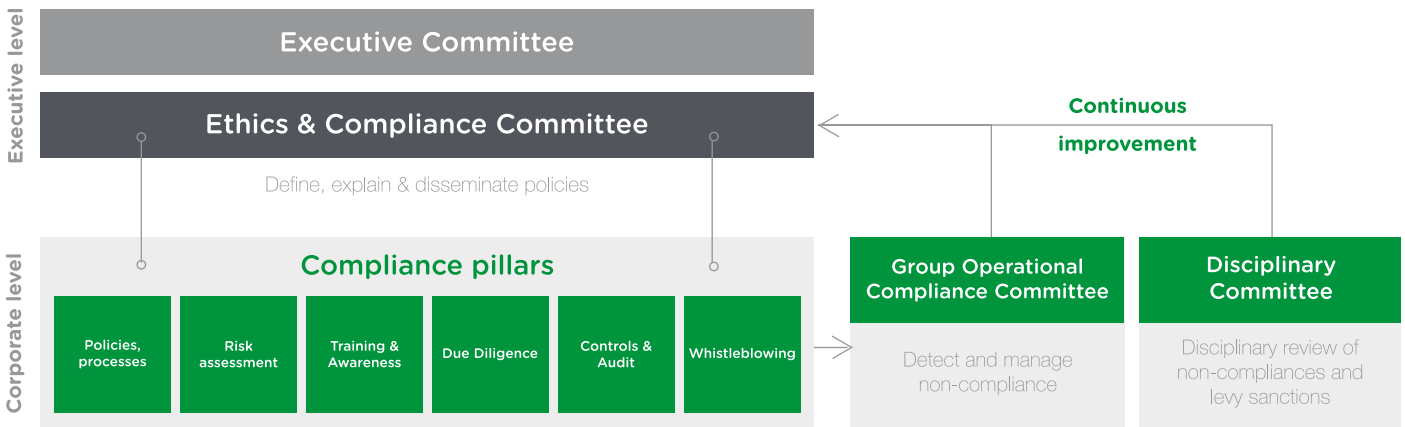
Our compliance program updates

- One Vision for One Strategy
- Group Compliance expertise
- Meet the Global Compliance Team
- Meet some of our Regional Compliance Officers
- Focus on the Export Control Center of Excellence

One Vision for One Strategy

Schneider Electric SVP Chief Legal & Compliance Officer acts on behalf of the Group Ethics & Compliance Committee, driving the implementation of the compliance program pillars, with a comprehensive approach.

At Group level



At zone level

The compliance program is supported by regional and local Ethics & Compliance Committees. Their aim is to ensure the full implementation of the compliance program in line with local regulations and risks.

Regional Export Control Senior Managers oversee the implementation of the Group Export Control program at regional level.



The governance of the whistleblowing pillar

The Compliance Committee oversees the detection and the handling of compliance concerns through appropriate investigation process. It is co-led by the SVP Chief Legal & Compliance Officer, the Group Head of Internal Control & Audit and the Group Head of Security, with the assistance of the Group Compliance Director and the Head of Bureau of Investigation.

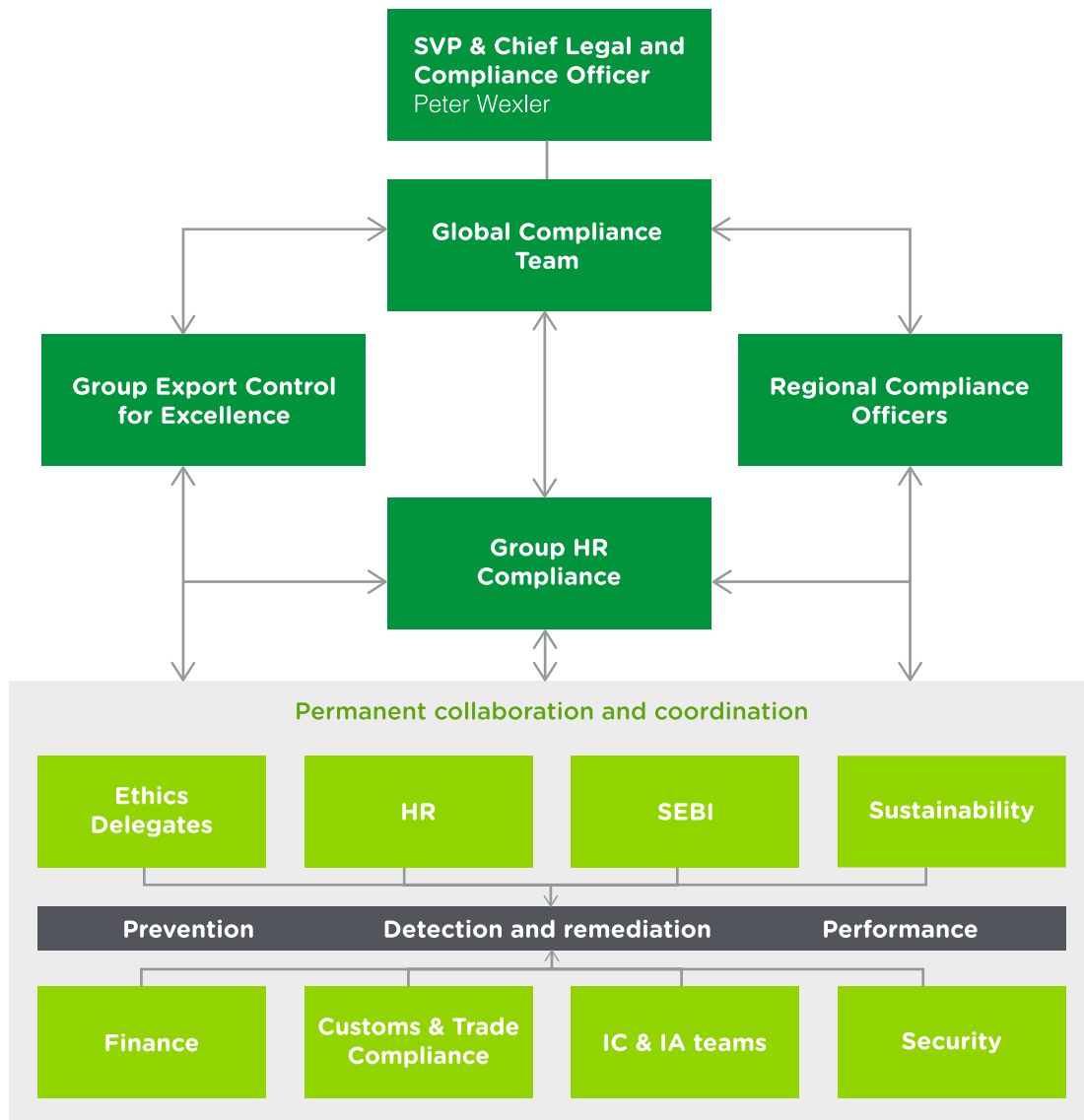
Following the management of an alert by the Compliance Committee, the Disciplinary Committee, if required, determines sanctions for serious breaches of internal rules with the aim at ensuring fairness and sanctions consistency. It is chaired by the EVP Chief Human Resources Officer.

Compliance program update

The SVP Chief Legal & Compliance Officer relies on several experts at global and regional levels to elaborate, implement and manage the compliance program. These experts work on a daily basis with their peers: the regional legal teams, the export control teams, and the data protection team. Being part of the

Legal, Compliance, Risk and Insurance Management Department, the compliance and legal experts act as team players, bringing flexibility, synergies, and effectiveness to the implementation of the compliance program.

A team of global and regional experts



In NAM, SAM, India, MEA, EAJ & Pacific and Greater China, dedicated Regional Compliance Officers were appointed and support management, business and employees on a daily basis.

For other regions, compliance support is provided by our General Counsels: Nikki Conran, VP General Counsel &

Compliance Officer Europe, Olga Schmidt, VP General Counsel and Compliance Officer Russia & CIS, Sébastien Niogret, VP General Counsel & Compliance Officer France & FSA and Lidia Garcia, VP General Counsel Iberia, MEA & Italy and Compliance Officer Iberia & Italy.

Group compliance expertise

The Group compliance team – at Global and Regional levels – is responsible for building and implementing the Group compliance program of Schneider Electric, in conjunction with key internal partners, and under the leadership of the group and regional management. Please have a look at who they are.



The Global Compliance Team

At the global level, the Compliance team is responsible for:

- Defining and updating global policies and processes.
- Elaborating and updating the compliance risk mapping with the relevant functions and Business Units leads.
- The due diligence processes to identify and manage compliance risks, especially on business agents, and according to third party risks identified through the risk mapping.
- Compliance global awareness and training campaigns.
- The Group's whistleblowing system on behalf of the Group Operational Compliance Committee.
- Ensuring that adequate controls are put in place within Internal Control and Internal Audit framework.
- Supporting the regional compliance teams with adequate tools and standardization.
- Being contact people for any specific question on compliance topics.

Meet the Global Compliance team

Please meet our 5 Global Compliance experts, who joined the Compliance team in 2018 and 2019.



Audrey Morin, Group Compliance Director

In charge of the Compliance program at Group level.

Prior to joining Schneider Electric in 2018, Audrey worked in compliance at Accenture, then at Atos on the Ethics & Compliance program and in the area of Corporate Responsibility. She believes that Ethics & Compliance are at the heart of a sustainable future, engaging companies and all their stakeholders in a meaningful and profitable growth.



Justyna Charles, Compliance Counsel Training & Awareness Projects

In charge of group compliance training and awareness projects.

Justyna has over 20 years of experience in the field of human resources. She joined Schneider Electric in 2012 in HR and had the opportunity to manage various HR projects at local, regional and global levels. She has also been responsible for several HR services teams. Passionate about transformation projects, customer and result oriented with strong change, people and project management skills, Justyna joined the Global Compliance team in April 2019 to lead global compliance training and awareness projects.



Aiden Guy, Compliance Counsel Due Diligence

In charge of Compliance Due-Diligence processes & controls for all SE.

Prior to joining Schneider Electric in 2019, he worked for 5 years with the French company Nexter Systems in the defence sector on due diligence projects. Aiden's motto is that ethics and compliance should not be seen as an obstacle to business: when well understood and accepted, they provide a strategic advantage over the competition.



Virgil Badiche & Sonia Daniloff, Legal counsels

Support for the Global & Regional team on several topics (Alert system, Policies, Risk Mapping, etc.).

Both are currently pursuing a Master in Law & Business Ethics at CY Cergy Paris University in parallel to their jobs at Schneider Electric.

Prior to joining the Group Compliance Team, Virgil worked at PwC Taiwan and then joined Schneider Electric Legal team to work on GDPR (General Data Protection Regulation) contractual aspects.



Prior to joining the Group Compliance Team, Sonia worked for AkzoNobel France within the Corporate Social Responsibility (CSR) and Legal Department while studying Management.

Meet some of our RCOs

A network of Regional Compliance Officers (RCOs) is in charge of the implementation and adaptation of the Compliance Program at local level, with the support of the Ethics Delegates and Legal department. They also manage non compliance cases by delegation given by the Group Operational Compliance Committee. Let's meet some of them...



Mary-Ann Mclean

North America Ethics & Compliance Officer



Elena Kovaleva

MEA Compliance Officer

Bio

Mary-Ann has been working for Schneider Electric for 30 years and has been Deputy General Counsel for 11 years. She is also in charge of claims and litigation and human resources legal issues as Labor attorney.

Elena joined SE in April 2020. She is a certified compliance expert with over 12 years of compliance practice at HQ and regional levels in GE Healthcare, ERG, or Microsoft. She is a national award-winning compliance trainer and certified investigator.

3 questions to

What led you to Compliance?

I have been an attorney with Schneider Electric for the past 30 years. In a prior life, I was an HR manager at three different manufacturing plants. In my job as an attorney, my team and I support all Human Resources legal issues across North America, and my team defends the Company in all types of claims and litigation (commercial, product liability, environmental, employment, etc.). As a Regional Compliance Officer for North America, I am able to help all levels of employees perform their jobs in a way that is personally satisfying yet does not violate any policies of the Company or any laws of the countries.

What are the main traits of a good Compliance Officer?

A good Compliance Officer understands the ethical dilemmas and complex business environment faced by an employee or manager and is knowledgeable about the Company's policies and the country laws. Then, the Compliance Officer finds a way to satisfy the business needs while absolutely NOT violating any Company policies or country laws or ethical principles.

What is your greatest achievement as a Regional Compliance Officer?

Our greatest ethics achievement in North America is that employees at all levels of the Company feel comfortable discussing ethics and the ethical situations they find themselves in. "Ethics" is not a bad word in North America; in fact, it is a very positive word. Within North America, executives and employees at all levels openly ask questions about ethical dilemmas and discuss ethical challenges within their teams.

What led you to Compliance?

The possibility to express myself. In addition to understanding legal requirements and financial flows, a Compliance Officer must also be a bit of a psychologist, a project manager, an investigator, and a pleasant trainer!

What would make a good Compliance Officer?

The drafting of rules and policies is a baseline. A good Compliance Officer can effectively translate rules into what is critical for the business and leverage its improvement.

Since you've just joined SE, how do you picture your first 100 days?

I would summarize my effective boarding plan in the following points. First, listen and learn from key stakeholders and build a network. Then, define an initial set of priorities to address. Finally, become familiar with the environment (challenges, tools, processes, etc.).



Juliana Breno
SAM Compliance Officer



Mark Gough
EAJ & Pacific Compliance Officer

Bio Juliana joined Schneider Electric in March 2019, bringing significant expertise in compliance as former compliance attorney, as Compliance Manager in Forensics services and Investigation area at PwC and then as Regional Compliance officer at Cushman & Wakefield.

Mark joined Schneider Electric in August 2019 bringing significant expertise from Australian Security Intelligence Organization, the Investigation Division of the United Nations Office of Internal Oversight Services and from Siemens as Director for Compliance investigation for Europe, MEA and then as Regional Head Regulatory Governance, Compliance case handling Asia and Australia.

3 questions to

What led you to compliance?
Compliance came to me 13 years ago through a headhunter’s call. At the time, I was tired of regular legal jobs and I wanted to make a difference through my work. I had never heard about compliance before. I looked it up on the internet but there was very little information then. When my future manager explained the job during the interview, I thought: “This is how I can make a difference”. Compliance is all about culture, behavior and how you can make things better. Since that call, I can’t picture myself doing something else.

In your opinion, what makes a good Compliance Officer?
Compliance Officers must be resilient and good with people. They need strong critical and analytical skills to understand and anticipate the risks. There is no black or white in compliance. We always need to deal with grey areas and educate people on how to handle ethical dilemmas to protect the company and its employees. A good Compliance Officer needs to know how to engage and motivate people, but must always remember that influence is an asset, not a power to be abused or misused. Finally, he or she needs to know when to step out and when to stand firm. We must build trust and work as business partners.

What is your typical day like?
There’s no routine whatsoever. Every day brings surprises and learning opportunities since there aren’t any standard answers or solutions. This is very challenging. Tough I know how my day will start, I never know how it is going to end, despite my constant planning! Flexibility and resiliency are the key to any typical day as a Compliance Officer.

In your opinion, what makes a good Compliance Officer?
First, it’s someone who wants to be a Compliance Officer! The job is not for everyone. Second, a good Compliance Officer must have the highest standards of integrity and demonstrate those traits repeatedly every day. Third, you must be a very quick learner. It is fundamental to be able to understand risk issues and how to identify and implement solutions. Fourth, you need communication skills that allows you to transmit key topics across your area of responsibility. Finally, you must exude a level of confidence, but not arrogance. People look to you for advice and leadership and they expect you to be a subject matter expert.

What is the biggest challenge you faced as a Region Compliance Officer within SE?
The complexity of the Schneider world... It is very difficult to comprehend and therefore ensure communication channels are used correctly. Or maybe, it is the difficulties in communicating and gaining understanding and acceptance of compliance related topics across so many diverse cultures and languages in EAJ.

Who are your main internal clients?
At present it is a mix: zone management for strategic issues; country management for operational support (especially with middle managers); and then our colleagues in HR, Finance, Legal and Internal Controls. The average staff member is not that connected outside of training or investigations.



Suresh Gurumurthy

Greater India Compliance Officer

Bio

Suresh joined Schneider Electric in June 2018, after starting his career in Human Resources, and significant 14-year experience in compliance and ethics, especially within Boeing group then at GE Technology.



Lillian Liu

Greater China Compliance Officer

Lillian joined HR function of SE China with legal background in 2017 and started her compliance journey about 2 years later. She then integrated the legal department to become Regional Compliance Officer.

3 questions to

What led you to compliance?

It all started 14 years ago by accident. Ethics & Compliance role can't just be a job, it is a total commitment in both personal and professional lives. Upholding the ethical culture with the support of all stakeholders is the heart of any Compliance Officer's role. It resonates personally since I'm constantly thriving to create an ethical environment in my community. I guess this is what they call it as finding a right purpose in life.

In your opinion, what makes a good Compliance Officer?

First, you must build trust, gain acceptance and walk the walk to be successful in the role. It's important to be able to connect with people, actively listen and understand what is said between the lines. You also need to be a good observer, pay extra attention to details and avoid jumping to conclusions. Being able to work under pressure and solve complex problems are also valuable traits. At times it's not just about what we are saying, it's also about who is saying it, especially in a culturally diversified country like India.

What is the biggest challenge you faced as an RCO within Schneider Electric?

I spent the first six months on the job gathering insights on the field by fostering conversations. My biggest challenge was then to make people unlearn what they thought they knew about our Principles of Responsibility (POR). The second challenge is to change the perception on the Red Line, which is seen as a "black hole". I have to make people understand how Red Line cases are being handled and reassure them about the whole process. This work has just begun and there's still a way to go.

In your opinion, what makes a good Compliance Officer?

Integrity, intelligence, insistence, enthusiasm and crisis management skill.

What is your notable day like?

In the morning, I will receive an anonymous call from an intermediary who was promised payment by a salesperson against bribing government officials. The "whistleblower" threatens to go public if he's not paid. I'll first go to the Marketing Head to get prepared for a potential media crisis. Then, I'll try and collect relevant information to thoroughly report the case to the Compliance Committee. In the afternoon, I will conduct one-to-one trainings, then discuss the newly updated hospitality policy with the Marketing BU head. I'll call the "whistleblower" to discuss the case that is being denied internally and update the Committee. I'll finish the day checking my e-mails and performing some routine tasks.

What is your greatest achievement as a Regional Compliance Officer at Schneider Electric?

Through a case investigation, we found out that there was a loophole in the scrapping process of a factory. The project manager colluded with external scrap vendors and a sales manager to steal scrapped products and sell them to the State Grid via a distributor of SEC which was owned by the sales manager himself. By destroying their scheme and taking legal actions, we have protected Schneider Electric's reputation and assets while strengthening our business integrity culture. After two years in the job, I'm proud that I can encourage people to become more ethical and successful.

Focus on the Export Control Center of Excellence

Schneider Electric's Global Export Control Center of Excellence (CoE) is composed of specialists who monitor and enforce our Group Export Control Program with the support of the Schneider Electric Export Control Network.



Raymond Mah, Group Export Control Center of Excellence

Based in Singapore, Raymond leads the Global Export Control Center of Excellence (CoE), which provides guidance on the management of Schneider Electric's export control program. The CoE is also responsible for the drafting of the Group's export control policy and strategy.

Formerly, Raymond was the Regional Export Control Director for Asia Pacific with Schneider Electric and Invensys. He has over 18 years of experience in trade compliance for companies in various industries including industrial automation & technology, bio & life sciences and chemicals.



Christopher Gwee, APAC Export Control Senior Manager

Based in Singapore, Christopher provides guidance on the development of Schneider Electric's export control program in the Asia Pacific Region through the Global Export Control Center of Excellence (CoE). Prior to his current role, Christopher was the APAC Customs & Trade Compliance Manager for Schneider Electric. He has 13 years of experience in customs and trade compliance. In 2014, Christopher was awarded the Schneider Electric Certificate of Recognition for his great contribution in the area of Business Excellence (GOLD).



Mehmet Oekten, EMEA Export Control Senior Manager

Located in Germany, Mehmet provides guidance on the development of Schneider Electric's export control program in the EMEA Region through the Global Export Control Center of Excellence (CoE). Prior to his current role, he was the Regional Customs & Trade Compliance Manager for DACH, Center and North Europe. He has more than 19 years of experience in customs and trade compliance across several industries and companies. His areas of expertise include, but are not limited to, export control audits and contractual negotiation associated with export control.

3

2019 main achievements

- New Policies & Processes
- Update to Business Agent Policy
- M&A Compliance Framework
- Export Control & Sanctions
- Developing our Speak-Up Culture
- A new Case Management & Investigation Policy
- Training & Awareness Global program
- SAM Compliance Journey
- Focus on HR Compliance

New Policies & Processes

As stated in our Principles of Responsibility and Anti-Corruption Code of Conduct, Schneider Electric is committed to comply with all applicable laws and regulations, such as the OECD's Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, the US Foreign Corrupt Practices Act (FCPA), the UK Bribery Act and the French "Sapin 2 Law".

The new Anti-Corruption Code of Conduct and Business Agent Policy

In 2019, the Group Compliance team issued a new Anti-Corruption Code of Conduct and a new Business Agent Policy for Schneider Electric.

The Anti-Corruption Code of Conduct's main objectives were to merge the code with the former dedicated policy and give guidance to employees with examples elaborated in accordance with the global risk mapping.

Alongside, we developed a project roll-out to ensure these policies are effectively binding everywhere Schneider Electric operates. Drawing from project management best practices, we:

- Broke down the implementation work in six main steps, which symbolize the completion of a major phase in order to reach our targets and monitor our progress without haste.
- Identified internal owners for each task to clarify responsibilities, but also to make sure the right stakeholders are involved.
- Adapted the Anti-Corruption Code of Conduct to local specificities according to the regional corruption risk mappings achieved in 2019.

Once our roll-out is finalized, the content of the Code of Conduct and the Business Agent Policy will be binding and enforceable against every Schneider Electric's employee.



The overhaul of our Principles of Responsibilities

Initially published in 2002, Schneider Electric's Principles of Responsibility (PoR) are built on 5 pillars including "Ethical business conduct". The new PoR gave the chance to Schneider Electric employees, leaders and functions interviewed during the consultation phase to define what are the components of the Ethical business conduct in Schneider. Besides stating clearly our commitment against corruption, unfair competitive practices, violation of export control and sanctions regulations as well as a fight against fraud, the new PoR guides everyone with concrete and unambiguous "do's" and "don'ts" to protect and provide tools for employees facing "grey" zones and where fast actions is required.

Update to Business Agent Policy

Bribery damages society in general and national authorities actively prosecute domestic and foreign companies for acts of corruption abroad when they consider that the local authorities cannot to do so themselves.

Anti-bribery laws do not distinguish the actions of Schneider Electric and those of its Business Agents. Even if you are not aware that a Business Agent is engaged in bribery or other illicit activity, you can be held accountable and be accused of “willful blindness” on questionable business practices.

The Business Agent Policy

Due diligence is a critical step towards efficiently preventing corruption and bribery risks within any company. The Schneider Electric Business Agents Policy formalizes the due diligence procedure for one of the most exposed third parties. While Business Agents can be used for many legitimate purposes like performing tasks that we cannot perform or cannot perform as efficiently ourselves, experience has shown that using Business Agents can be very risky.

There is not a common global legal definition of a Business Agent. At Schneider Electric, any third party hired to assist our operations, including the obtention of a sales order, contract award, permits, licenses or other business advantage, is a Business Agent. This extended definition allows us to consider all possibilities and not miss out any obscure bribery risks. In any case, the substance of the agreement is the criterion to determine if the policy applies or not. 6 main categories have been identified and defined in

Schneider Electric’s Business Agent Policy:

- Business Consultants,
- Commission-based Sales Agents or Representatives,
- Business Finders,
- Sponsors,
- Lobbyists,
- Intermediaries.

Digitizing the due diligence process

Schneider Electric launched the ambitious project of digitizing its due diligence process, in line with Schneider Electric’s current digitizing movement. It helps the Global Compliance Team facilitating and fixing the pain points identified through due diligence.

Thanks to digitization:

- The Business Agent review is centralized and the primary due diligence assessment, which scores the risk and rates the request, is better aligned globally.
- Financial and human resources are optimized: the Global Compliance Team centralizes the resources and budget to save time and facilitate the access to public sources of information for local operational teams.
- The approvals are tracked and audited, while due diligence materials are appropriately and always archived.

M&A Compliance Framework

Risks related to M&A transactions have been identified as very high in Schneider Electric's 2018-2019 corruption risk mapping. Specific concern was highlighted due to the expansion of the Group's acquisition activities in emerging markets and transactions involving small companies that may not implement the appropriate level of prevention and remediation of these risks.

In 2019 public authorities continued to push companies to better manage corruption risks in M&A transactions, inviting them to self-disclose any cases revealed during the integration of new entities. The AFA in France has been very active since the publication of dedicated guidelines in April 2019.

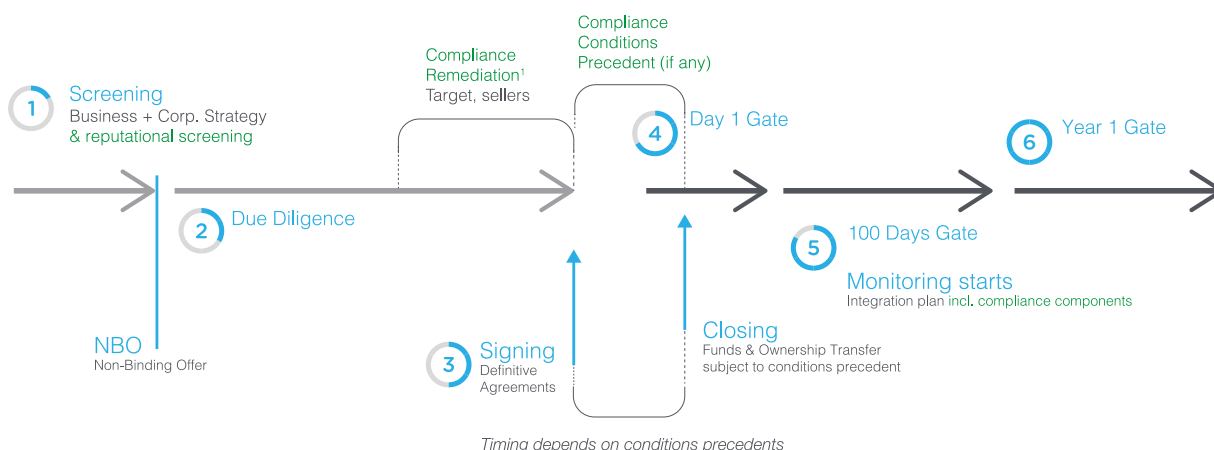
With the sponsorship of the Group Ethics & Compliance Committee, the Compliance and M&A teams embedded anticorruption review and mitigation into the M&A process for any new acquisition and divestiture.

- Regarding acquisitions, Compliance and M&A elaborated a methodology to include anticorruption requirements in the screening of any new potential opportunity to the integration plan, with several tools such as:
 - Standardized request list to ensure capturing information needed for efficient and comprehensive due diligence.
 - Explanation of any potential remediation actions in case of risks or red flags identified.
 - Review of the Project Management methodology on compliance aspects.

- Regarding divestitures, the purpose of the methodology elaborated by the teams is to ensure that we can mitigate any risks on potential buyers, but also on activities we want to sell, to maximize divestiture proceeds.

This approach will lead to a better management of corruption, sanctions and export control risk, supporting the deal strategy and an efficient integration phase.

Six steps to securing long-term value creation in acquisitions



¹ Compliance remediation is a continuous process that will extend beyond the due diligence phase during the acquisition

Export Control & Sanction Program

The Global Export Control Center of Excellence of Schneider Electric monitors the development of worldwide sanctions. To ensure compliance while maintaining its competitive advantage Schneider Electric issues timely alerts with recommended actions.

Export Control has officially been incorporated to:

- The new Principles of Responsibility (PoR), under the principle of Trade Regulations and Sanctions.
- The Key Internal Controls Global Program, strengthening and enhancing the internal controls on Export Controls.
- The Internal Audit Program.

Schneider Electric and all its employees aim to comply with applicable trade sanctions and export control laws and regulations where it operates.

Export Control program overview



Corporate Learning Platform

A new Export Control Awareness training module has been launched on My Learning Link, Schneider Electric online Corporate Learning Platform. This new module provides users a more efficient, flexible and easy access to training modes on Export Control.

Corporate Guidelines & Playbooks

The enhancement of the corporate Export Control Compliance Guidelines & Playbooks is a necessary ongoing process, particularly in the current environment of fluid trade and export control. This continuous improvement is essential to ensure they are relevant and kept up to date with the changes in applicable laws and regulations, and the associated risks.

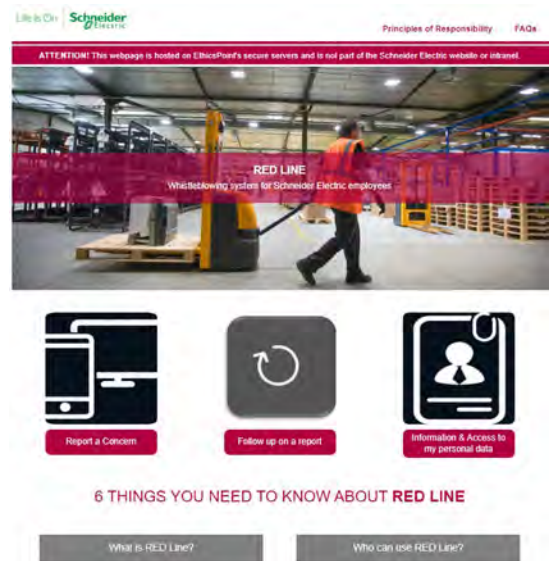
Developing our Speak-Up culture

As a pillar of Schneider Electric’s compliance program and a guarantor of the trust established with its employees and stakeholders, the development of a strong Speak-Up culture reached a new stage in this year 2019. Beyond the message, Schneider Electric’s will is embodied by concrete tools at the service of everyone.

How did we improve the speak up culture?

In 2019, several actions have been put in place to strengthen Schneider Electric’s “speak up” culture:

- The launch of our new Principles of Responsibility (PoR), which include direct reference to our Alert systems (RED and GREEN Lines): the PoR clearly states that Schneider Electric provides a safe channel to speak up and report inappropriate behavior.
- The PoR training, with a 96% completion rate: the training included management’s videos to promote our PoR,
- The RED Line update: since December 2019, employees can better report their concerns, by selecting a type of concern and check the definition of it.



Leading by example: India PoR trainings

In 2019, 122 PoR training sessions were conducted in India by the Regional Compliance Officer, India Ethics Delegates and through the Ethics Delegates network, covering about 9,800 employees across the region.

These sessions aimed at clarifying what doesn’t fall under the scope of the Principles of Responsibility and clearing inaccurate perceptions and interpretations. It was then crucial to create an environment in which employees could freely share their thoughts with no fear of being judged.

The quality of the conversations and debates held during these sessions led to a greater use of the RED Line in India, with several cases investigated and closed with appropriate actions, such as disciplinary ones. These sessions increased the level of trust of employees, who were more willing to reach out to the Compliance officers and Ethics Delegates and raise their ethics dilemmas to find a solution.

A new Case Management & Investigation Policy

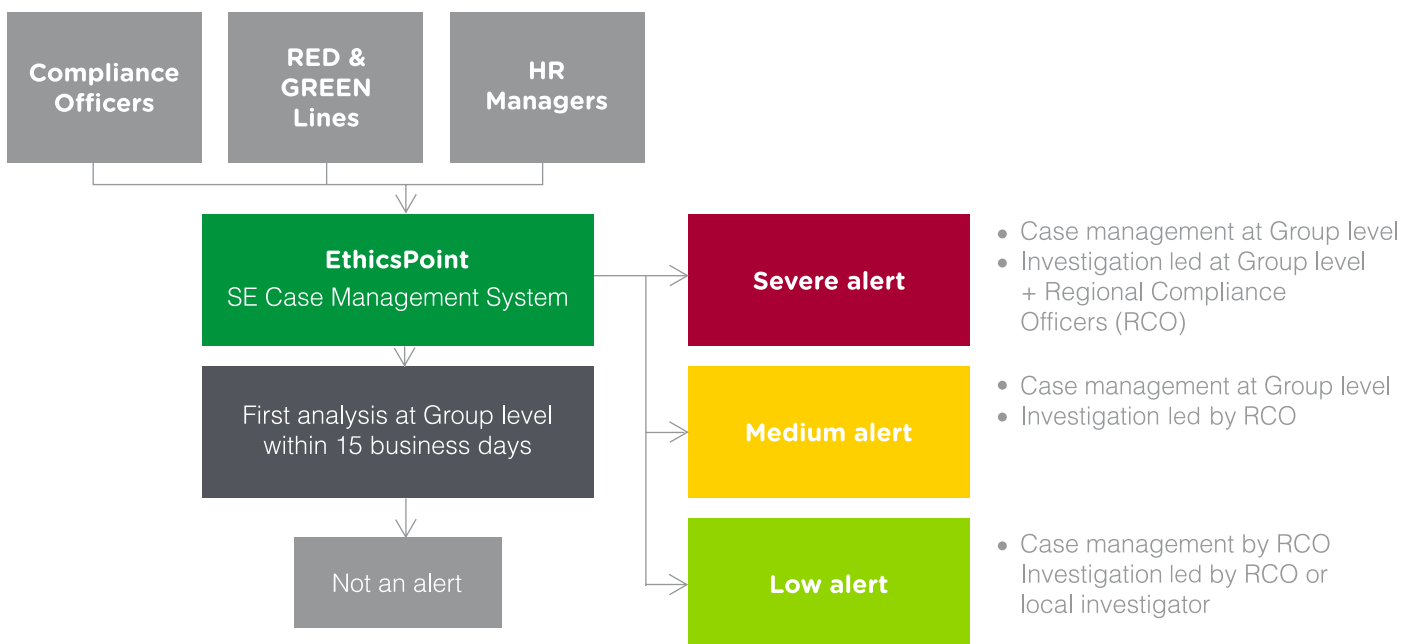
In December 2019, the Group Ethics & Compliance Committee clarified the governance regarding the management of the concerns received through the RED and GREEN Lines, with a new Case Management & Investigation Policy, which was released in February 2020.

The Group Ethics & Compliance Committee issued a new Case Management & Investigation Policy in February 2020 which:

- Clarifies the roles and responsibilities of the Group's Compliance Committee, the regional compliance officers, the investigators and the Group's disciplinary committee in handling the concerns received through the RED and GREEN Lines,
- Ensures greater transparency and neutrality in the case management, supported by a legal, reputational and financial risk-based approach,
- Ensures that HR specificities are properly taken into account.

This new policy is currently being deployed through the compliance officers' network.

A risk - based approach workflow



Training & awareness Global Program

A new e-learning project on corruption risks was launched mid-2019 to prepare extensive e-learning on the risks of corruption. This e-learning should be compulsorily completed in 2020 by at-risk employees.

The e-learning is built around, each dealing with a type of risk: third party risk (Business Agents), gifts and invitations, facilitation payments or conflicts of interest. In addition, other modules cover the following topics: global legal framework, sanctions for company and individuals, RED Line process, expectations from managers, and why people cross the red line.

The e-learning was built through design thinking to meet the needs and expectations of the future learners. Its content was developed after a first phase of consultation with business representatives on their daily dilemmas related to corruption risks and training needs.

The first three modules are part of Schneider Essentials 2020:

- Fight corruption at Schneider Electric,
- Dealing with Business Agents,
- Golden rules of gifts and invitations.

The course is available in 14 languages: English, French, German, Chinese, Russian, Arabic, Indonesian, Italian, Polish, Portuguese Brazilian and European, Spanish (LatAm and European) and Turkish. Translations are an important part of the project activities, the Schneider' Electric global translation tool was used for more efficiency.

Compliance curriculum designed with people exposed to risk





COMPLIANCE
JOURNEY

SAM Compliance Journey

Compliance Journey is one of the key initiatives launched by Juliana Breno, SAM Compliance Officer, with the collaboration of the Legal, HR and Internal Communication Teams.

Compliance Journey is an educational and training strategy for sharing knowledge and building Schneider Electric's compliance culture. Schneider Electric's people are great people who want to do the right thing. They just need to know how.

The Compliance Journey initiative was created to respond to this desire. Compliance is a shared responsibility, an everyday effort, and a commitment, as is every journey. As the name suggests, the goal we want to achieve is clear. We know where we want to go, but the path is more important than the result itself. This is exciting.

The whole idea of Compliance Journey is to deliver trainings and specific communications related to compliance on a regular basis, in line with Schneider Electric's objectives and the main risks to be mitigated. The Compliance Journey initiative will become a global program, as this is precisely the direction in which our Ethics & Compliance Program is heading. It's about raising awareness and engaging people to see compliance as a preventive measure, as a constant vigilance about risks and how to manage them with integrity and transparency. It's all about ensuring the sustainability of our business for the next 180 years.

Several training sessions have been held since the launch of Compliance Journey in October 2019, with different topics discussed, such as the prevention of moral and sexual harassment, ensuring fair competition, but also the best practices regarding accounting in projects and services. The 2020 roadmap was defined with the full support of SAM Management, but also at Cluster levels.

Key figures

Between 10/23/2019 and 02/19/2020, in the SAM Tier:

- 1,055 people have been trained on Compliance matters.
- Each training session lasted on average 1.7 hours.
- There was therefore an equivalent of 2,091 hours of training.
- 67% of the training courses were given in person.

Internal cases: focus on HR Compliance

The Ethics & Compliance Committee has appointed a dedicated Group HR Compliance Officer to face the steep increase of HR compliance-related matters and align practices in all geographies through a common governance of HR cases.



Sandrine Reinneis
Group HR Compliance Officer

Sandrine Reinneis joined the Global Legal, Risk & Insurance Management team on February 1, 2020 as Group HR Compliance Officer. Sandrine is responsible for establishing a new operational governance of HR compliance-related cases with adequate case management and investigation process to ensure fairness and neutrality. Sandrine will also closely work with the HR Committee to use the whistleblowing system as a tool for continuous monitoring of the new Principles of Responsibility related to Human Rights and People Development.

What led you to Compliance?

After about 20 years of professional experience in HR, I felt the need to enhance my impact by combining my personal convictions on Diversity & Inclusion with my desire to participate in leadership transformation. I truly believe that HR Compliance contributes to increasing the trust of our People, our Suppliers, our Customers, and our Shareholders. This chain of trust is key to our sustainable development. HR compliance is the way to tackle potential breaches of our Principles of Responsibility and commit for a diverse company.

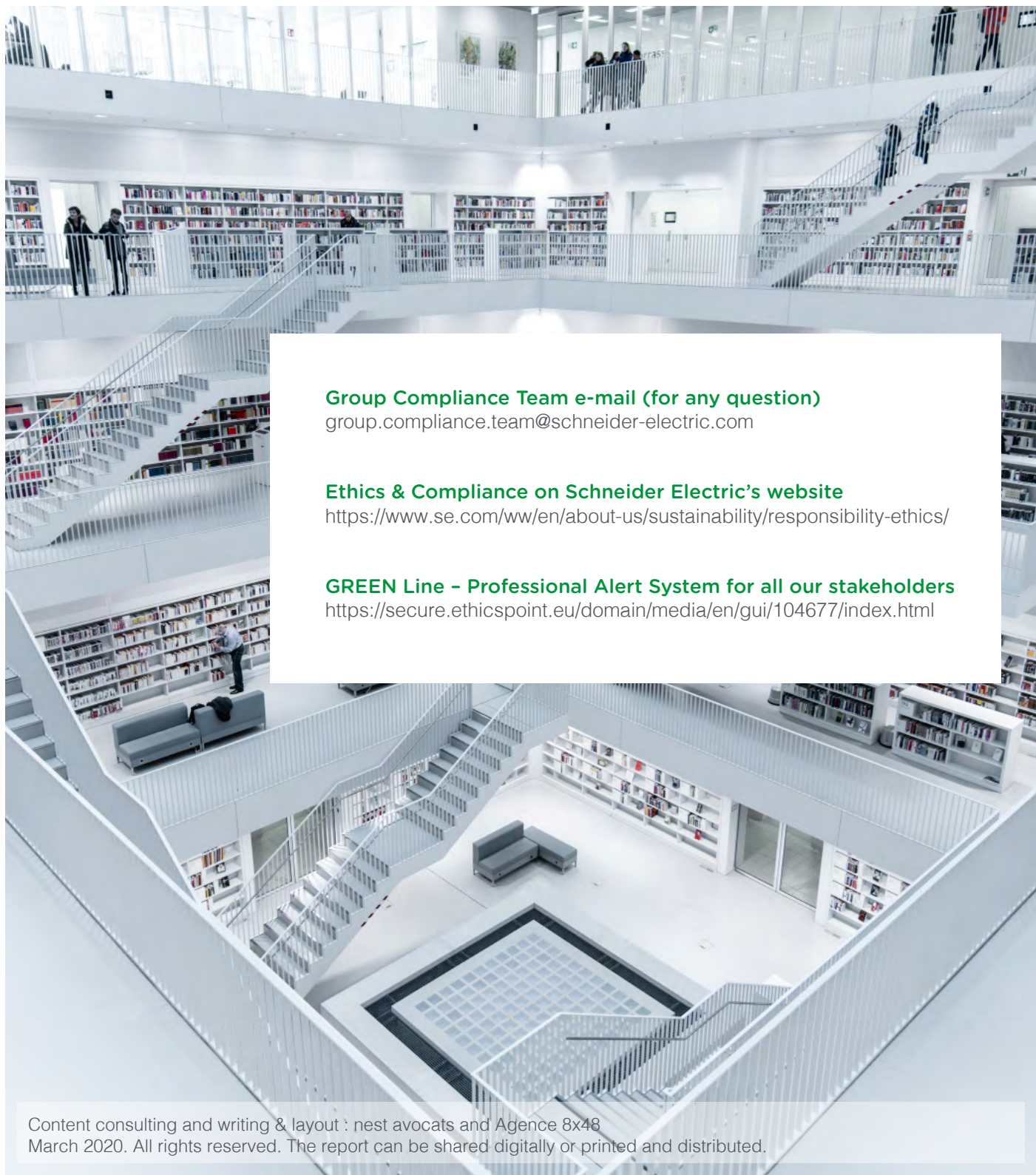
In your opinion, what makes a good Compliance Officer?

A great Compliance Officer is an experienced professional with the right level of emotional intelligence and influencing skills. He or she is organized and methodical with good networking skills, easy-to-work with and humble. This function requires a lot of independence, autonomy and confidentiality. Curious by nature, a good Compliance Officer dedicates a portion of his/her time to constant learning. He or she cares, not only for the collective interest, but also for her/his work-life balance and strives to remain a good neutral professional with the right capacity to listen and analyze people and situations.

How do you see your job evolving in the future?

I hold a unique position within the company, which was very recently created. I am proud to bring my active contribution to Schneider Electric's commitment for Human Rights and People Development. I believe the HR Compliance function will continue to grow and evolve into a role of internal advice for the improvement of HR and managerial practices at local level, while continuously acting as a mediator. I also believe that HR Compliance will become more and more important in future M&A projects. Schneider Electric is made of many cultures, and the main purpose of HR Compliance is to develop one shared practice and experience of all our Principles of Responsibility.

Main links



Group Compliance Team e-mail (for any question)

group.compliance.team@schneider-electric.com

Ethics & Compliance on Schneider Electric's website

<https://www.se.com/ww/en/about-us/sustainability/responsibility-ethics/>

GREEN Line - Professional Alert System for all our stakeholders

<https://secure.ethicspoint.eu/domain/media/en/gui/104677/index.html>

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Schneider Electric SE

Headquarters:

35, rue Joseph Monier - CS 30323

F-92506 Rueil-Malmaison Cedex (France)

Tel.: +33 (0) 1 41 29 71 00

Fax.: +33 (0) 1 41 29 71 00

www.se.com